

Message Text

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E.O. 11652: N/A

TAGS: EWWT, BBAK, EALR, ECON, SA

SUBJECT: HELICOPTER FIRMS ANGLING FOR PORT OFFLOADING CONTRACTS

1. WITH 500,000 TONS OF GOODS IN FLOATING STORAGE ON SHIPS ANCHORED IN THE JIDDA HARBOR AND SAG'S KNOWN ANXIETY ABOUT SOLVING THE PROBLEM, SEVERAL HELICOPTER SERVICE FIRMS, 3 AMERICAN, 1 ITALIAN AND 1 BRITISH, HAVE MADE PROPOSALS TO ASSIST AT WIDELY VARIED PRICES. FOLLOWING IS RUNDOWN OF WHAT IS KNOWN TO DATE.

2. THE FIRMS INVOLVED ARE CARSON HELICOPTERS OF PERKASIE, PA.; EVERGREEN HELICOPTERS, MC MINNVILLE, OREGON; UNITED TECHNOLOGY (SIKORSKY) OF CONNECTICUT; BELL-AUGUSTA, MILAN, ITALY; AND BRISTOW HELICOPTERS OF THE U.K.

3. THESE FIRMS HAVE MADE PROPOSALS RANGING FROM \$38 MILLION TO \$70 MILLION FOR ANNUAL OFF LOADING OF AMOUNTS RANGING FROM 50,000 TONS TO 100,000 M/TONS A MONTH. EACH HAS AN INFLUENTIAL SAUDI INTERMEDIARY WHO REPORTEDLY WILL GET AT LEAST HALF OF THE QUOTED COST OR MORE. IN-FLIGHT-ING AND JOCKEYING FOR POSITION FOR THE CONTRACT IS BECOMING BITTER. EVEN U.S. FIRMS ARE PUBLICLY DENIGRATING CAPABILITIES OF COMPATRIOT COMPETITORS AND IT NOW APPEARS THEY THEY COULD ELIMINATE EACH OTHER COMPLETELY.

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4. LOWER ECHELON PORT AUTHORITIES HERE ARE AGAINST ANY

HELICOPTERING, STATING THAT SUCH OFF LOADING HAS NEVER BEEN DONE AND THAT PROJECTED COSTS CALCULATED AT \$135 TO \$175 PER TON ARE TOO EXPENSIVE. THEY ALSO STATE THAT RAPID OFF-LOADING OF SHIPS WILL INCREASE CLOGGING AT THE ALREADY CONGESTED WAREHOUSES, PIERS AND STORAGE YARDS. PRESSURES TO EFFECT THIS OPERATION, HOWEVER, ARE RATHER STRONG EXPECIALLY ON THE PART OF THE SAUDI INTERMEDIARIES WHO STAND TO MAKE LARGE PROFITS-IF THEIR PRINCIPAL WINS THE CONTRACT.

5. COSTS FOR ANY HELICOPTER COMPANY WHICH MAY GET CONTRACT FOR THE WORK WILL BE VERY HIGH. THE FIRM WILL HAVE TO BRING IN SOME 70 TO 100 EXPATRIATES, HOUSE AND FEED THEM, IMPORT AND SET UP SPECIAL SERVICING FACILITIES, HIRE SPECIAL STEVEDORE CREWS TO PALLETIZE CARGO ON SHIPBOARD AND ON LAND AND MAKE ALL VISA AND OTHER ARRANGEMENTS.

6. WITH HIGH INTEREST IN THE PROJECT ON PART OF FOREIGN OPERATORS, THE MINISTRY OF TRANSPORT AND COMMUNICATIONS MAY ISSUE A TEEDER ON THE PROJECT INSTEAD OF MAKING A DIRECT CONTRACT ACCORDING TO LOCAL SOURCES.

7. THE DEPARTMENT AND COMMERCE MAY FIND THE ABOVE USEFUL IN REPLYING TO INQUIRIES FROM U.S. FIRMS ON THIS SUBJECT.
PORTER

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